

ANDHRA PRADESH POWER GENERATION CORPORATION LIMITED

ABSTRACT

APGENCO – Regulations – Inclusion of Insurance Surety Bond as Security Instrument-
Formats of the Bonds – Communicated – Reg.

G.O.O. No.273 /JS(Per)/2024

Dt.31 .01.2025

Read the following:-

- 1) G.O.O. No. 129/JS(Per)/2016, Dt. 15.07.2016
- 2) G.O.O. No. 243/JS(Per)/2024, Dt. 27.11.2024

ORDER:-

In G.O.O. 2nd cited, the APGENCO has permitted Insurance Surety Bonds issued as per the IRDAI guidelines as a Security instrument in addition to the current forms of Security. It has also been ordered therein that the clauses 8.3.12, 8.3.13, 8.3.14 & 8.3.15 of Chapter 8 of the Purchase Management System Manual stands modified.

2. Consequently, the APGENCO Board in its 203rd Board Meeting held on 30.12.2024 has approved model forms of the "Insurance Surety Bond for Bid Security" and "Insurance Surety Bond" to be obtained from the different Vendors of APGENCO for implementing the clauses modified in Purchase Management System Manual of APGENCO vide G.O.O. 2nd cited.

3. After careful consideration, the APGENCO hereby directed to obtain the following prescribed formats appended to this G.O.O, in execution of Insurance Surety Bonds in terms of the G.O.O. 2nd cited

- i) Form of Insurance Surety Bond for Bid Security
- ii) Form of Insurance Surety Bond

(BY ORDER AND IN THE NAME OF ANDHRA PRADESH POWER GENERATION CORPORATION LIMITED)

Encl:- As above.

**K.V.N.CHAKRADHAR BABU, IAS
MANAGING DIRECTOR**

To

All the Heads of Generating Stations/Functional Heads at Head Quarters.

Copy to the:

Dy.EE (T) to Managing Director/APGENCO/VS

AO to Director (Finance & Commercial/APGENCO/VS

Dy.EE(T) to Director (Thermal) || Director (Coal & Logistics) || Director (Hydel)/APGENCO/VS

PO to Director (HR & IR)/APGENCO/VS

JPO to Joint Secretary (Per)/APGENCO/VS

AE(T) to the CGM(Adm.IS & ERP)/APGENCO/VS

Stock file

C. No. JS(P)/DS(E)/AS(P-NT & R)/PO(P-NT & R)/F.No.55/2024

//FORWARDED :: BY ORDER//


ASSISTANT SECRETARY

FORM OF INSURANCE SURETY BOND

[Security Deposit /Performance Security/Additional Performance Security/
Advance Payment Security]

Insurance Surety Bond No

Date:

To:

(Name and address)

In consideration of the **Andhra Pradesh Power Generation Corporation Limited** (An enterprise of the Government of Andhra Pradesh) (hereinafter referred to as 'APGENCO' which expression shall unless repugnant to the context or meaning thereof, include its successors and permitted assigns) incorporated under the Indian Companies Act, 1956 read with subsequent amendments and Act(s) and having its registered office at Vidyut Soudha, Gunadala, Vijayawada, Andhra Pradesh, India-520004 has agreed to accept upon request of _____ (Name of the Contractor/ Member of JV or Consortium /Supplier/Vendor) having its registered office at _____ (hereinafter called the said Contractor/ Member of JV or Consortium / Supplier/ Vendor) this **Surety Bond** No._____, Dt._____ for making payment without effecting recovery of ___% of the value of Contract/ Agreement/Purchase Order/Work Order towards Security Deposit /Performance Security/Additional Performance Security/Advance Payment Security for the satisfactory fulfilment of the Contract/ Agreement/ Purchase Order/Work Order under the terms and conditions of the Contract/ Agreement/Purchase Order/ Work Order No._____, Dated _____ made between the APGENCO and _____ (Name of the Contractor/ JV or Consortium /Supplier/Vendor) for supply /commissioning/ rendering services/ execution of work _____(name of the work) (herein after called 'the said Contract/ Agreement/Purchase Order/Work Order'),on production of a **Surety Bond** for Rs. _____ (Rupees_____only).

AND WHEREAS we, _____ ("**Surety Insurer**") through our branch at _____ have agreed to furnish this **Surety Bond** by way of Security Deposit /Performance Security/Additional Performance Security/Advance Payment Security.

NOW, THEREFORE, the **Surety Insurer** hereby, unconditionally and irrevocably, guarantees and affirms as follows:

1. The **Surety Insurer** hereby unconditionally and irrevocably guarantees the due and faithful performance of the Contractor's obligations during the Contract Period/ Warranty period/Defects Liability Period under and in accordance with the Contract, and agrees and undertakes to pay immediately to the APGENCO, upon its mere first written demand, and without any demur, reservation, recourse, contest or protest, and without any reference to the Contractor, such sum or sums up to an aggregate sum of the **Surety Bond** Amount as the APGENCO shall claim, without the APGENCO being required to prove or to show grounds or reasons for its demand and/or for the sum specified therein.
2. A letter from the APGENCO, officer not below the rank of Chief Engineer/APGENCO that the Contractor has committed default in the due and faithful performance of all or any of its obligations under and in accordance with the Contract shall be conclusive, final and binding on the **Surety Insurer**. The **Surety Insurer** further agrees that the APGENCO shall be the sole judge as to whether the Contractor is in default in due and faithful performance of its obligations during and under the Contract and its decision that the **Contractor** is in default shall be final and binding on the **Surety Insurer**, notwithstanding any differences between the APGENCO and the Contractor, or any dispute between them pending before any court, tribunal, arbitrators or any other authority or body, or by the discharge of the Contractor for any reason whatsoever.
3. In order to give effect to this **Surety Bond**, the APGENCO shall be entitled to act as if the **Surety Insurer** were the Principal Debtor and any/**Change** in the constitution of the Contractor and/or the **Surety Insurer**, whether by their absorption with any other body or corporation or otherwise, shall not in any way or manner affect the liability or obligation of the **Surety Insurer** under this **Surety Bond**.
4. It shall not be necessary, and the **Surety Insurer** hereby waives any necessity, for the APGENCO to proceed against the Contractor before **presenting** to the **Surety Insurer** its demand under this **Surety Bond**.
5. The APGENCO shall have the liberty, without affecting in any manner the liability of the **Surety Insurer** under this **Surety Bond**, to vary at any time, the terms and conditions of the Contract or to extend the time or period for the compliance with, fulfillment and/or performance of all or any of the obligations of the Contractor contained in the

Contract or to postpone for any time, and from time to time, any of the rights and powers exercisable by the APGENCO against the Contractor, and either to enforce or forbear from enforcing any of the terms and conditions contained in the Contract and/or the securities available to the APGENCO, and the **Surety Insurer** shall not be released from its liability and obligation under these presents by any exercise by the APGENCO of the liberty with reference to the matters aforesaid or by reason of time being given to the Contractor or any other forbearance, indulgence, act or omission on the part of the APGENCO or of any other matter or thing whatsoever which under any law relating to sureties and guarantors would but for this provision have the effect of releasing the **Surety Insurer** from its liability and obligation under this **Surety Bond** and the **Surety Insurer** hereby waives all of its rights under any such law.

6. This **Surety Bond** is in addition to and not in substitution of any other **Surety Bond** or security now or which may hereafter be held by the APGENCO in respect of or relating to the Contract or for the fulfillment, compliance and/or performance of all or any of the obligations of the Contractor under the Contract.
7. Notwithstanding anything contained herein before, the liability of the **Surety Insurer** under this **Surety Bond** is restricted to the **Surety Bond** Amount and this **Surety Bond** will remain in force for the period specified below and unless a demand or claim in writing is made by the APGENCO on the **Surety Insurer** under this **Surety Bond** all rights of the APGENCO under this **Surety Bond** shall be forfeited and the **Surety Insurer** shall be relieved from its liabilities hereunder after the date mentioned.
8. The **Surety Bond** shall cease to be in force and effect on _____ Unless a demand or claim under this **Surety Bond** is made in writing before expiry of the Surety Bond, the **Surety Insurer** shall be discharged from its **liabilities** hereunder.
9. The **Surety Insurer** undertakes not to revoke this **Surety Bond** during its currency, except with the previous express consent of the APGENCO in writing, and declares and warrants that it has the power to issue this **Surety Bond** and the **undersigned** has full powers to do so on behalf of the **Surety Insurer**.
10. Any notice by way of request, demand or otherwise hereunder may be sent by courier, registered post or certified e-mail addressed to the **Surety Insurer** at its above referred branch or e-mail set forth herein, which shall be deemed to have been duly **authorized** to receive such notice and to effect payment thereof forthwith, and if sent by post it

shall be deemed to have been given at the time when it ought to have been delivered in due course of post and in proving such notice, when given by post, it shall be sufficient to prove that the envelope containing the notice was posted and a certificate signed by an officer & the APGENCO that the envelope was so posted shall be conclusive.

11. This **Surety Bond** shall come into force with immediate effect and shall remain in force and effect for up to the date specified above or until it is released earlier by the APGENCO pursuant to the provisions of the **Contract**.
12. The **Surety Insurer** declares that this Insurance Surety Bond is issued by the (name of Insurance Company) as **per** the applicable rules and regulations of Insurance Regulatory Development Authority of India (IRDAI).
13. This Surety Bond shall also be operable at our _____, branch at _____, from whom, confirmation regarding the issue of this Surety Bond or extension/renewal thereof shall be made available on demand. In the **contingency** of this Surety Bond being invoked and payment hereunder claimed, the said branch shall accept such invocation letter immediately and make payment of amounts so demanded under the said invocation.
14. The Insurance Surety Bond shall be verifiable from the specific portal created for this purpose.

In witness where of Signed and sealed this Surety Bond on this ____ Day ____ (month) of 2024 at _____.

SIGNED, SEALED AND DELIVERED

For and on behalf of the Insurance company by:

(Signature of the Authorised Official)

(Name) (Designation) (Code Number)

FORM OF INSURANCE SURETY BOND FOR BID SECURITY

Insurance **Surety Bond** No

Date:

To: (Name and address)

1. In consideration of the Andhra Pradesh Power Generation Corporation Limited (An enterprise of the Government of Andhra Pradesh) (hereinafter referred to as 'APGENCO' which expression shall unless repugnant to the context or meaning thereof, include its successors and permitted assigns) incorporated under the Indian Companies Act, 1956 read with subsequent amendments and Act(s) and having its registered office at Vidyut Soudha, Gunadala, Vijayawada, Andhra Pradesh, India-520004 having agreed to exempt _____ (Name of the Tenderer/ Vendor/ Contractor/ Supplier) having its registered office at _____(hereinafter called the said Tenderer/ Contractor which term includes Supplier), under the terms and conditions of the Tender Notification No....., Dated....., payment of EMD of Rs_____ (Rupees _____only) is payable part of EMD for the due fulfillment by the said Tenderer/Contractor of the terms and conditions contained in the said Tender for _____(name of the work), on production of a **Surety Bond** for Rs. _____(Rupees_____only). At the request of..... [Tenderer/Contractor] We,, (hereinafter referred to as the "**Surety Insurer**"), having Registered/Head office at and a branch at being the Guarantor under this **Surety Bond**, do hereby irrevocably and unconditionally undertake to forthwith and pay to the APGENCO as our primary obligation without any delay or demur, merely on your first demand and without reference to the Bidder, if the Bidder fail to fulfil or comply with all or any of the terms and conditions of the above tender notification any sum or sums up to a maximum amount but not exceeding Rs _____ (Rupees-----only).
2. Any such written demand made by the APGENCO stating that the Bidder is in default of the due and faithful fulfillment and compliance with the terms and conditions contained in the Bidding Documents shall be final, conclusive and binding on the **Surety Insurer**.

3. We, the **Surety Insurer**, do hereby unconditionally undertake to pay immediately the amounts due and payable under this **Surety Bond** without any demur, reservation, recourse, contest or protest and without any reference to the Bidder or any other person and irrespective of whether the claim of the APGENCO is disputed by the Bidder or not, merely on the first demand from the APGENCO stating that the amount claimed is due to the APGENCO by reason of failure of the Bidder to fulfil and comply with the terms and conditions contained in the Bidding Documents including failure of the said Bidder to keep its Bid open during the Bid validity period as set forth in the said Bidding Documents for any reason whatsoever. Any such demand made on the **Surety Insurer** shall be conclusive as regards amount due and payable by the **Surety Insurer** under this **Surety Bond**. However, our liability under this **Surety Bond** shall be restricted to an amount not exceeding Rs. _____ (Rupees _____ only)
4. This **Surety Bond** shall be irrevocable and remain in full force for a period of 270 (two hundred and seventy) days from the Bid Due Date or for such extended period as may be mutually agreed between the APGENCO and the Bidder, and agreed to by the **Surety Insurer**, and shall continue to be enforceable till all amounts under this **Surety Bond** have been paid.
5. We, the **Surety Insurer**, further agree that the APGENCO shall be the sole judge to decide as to whether the Bidder is in default of due and faithful fulfillment and compliance with the terms and conditions contained in the Bidding Documents including, inter alia, the failure of the Bidder to keep its Bid open during the Bid validity period set forth in the said Bidding Documents, and the decision of the APGENCO that the Bidder is in default as aforesaid shall be final and binding on us, notwithstanding any differences between the APGENCO and the Bidder or any dispute pending before any Court, Tribunal, Arbitrator or any other Authority.
6. In order to give effect to this **Surety Bond**, the APGENCO shall be entitled to act as if the **Surety Insurer** were the Principal Debtor and any/**Change** in the constitution of the Contractor and/or the **Surety Insurer**, whether by their absorption with any other body or corporation or otherwise, shall not in any way or manner affect the liability or obligation of the **Surety Insurer** under this **Surety Bond**.
7. In order to give full effect to this **Surety Bond**, the APGENCO shall be entitled to treat

the **Surety Insurer** as the principal debtor. The APGENCO shall have the fullest liberty without affecting in any way the liability of the **Surety Insurer** under this **Surety Bond** from time to time to vary any of the terms and conditions contained in the said Bidding Documents or to extend time for submission of the Bids or the Bid validity period or the period for conveying acceptance of Letter of Award by the Bidder or the period for fulfillment and compliance with all or any of the terms and conditions contained in the said Bidding Documents by the said Bidder or to postpone for any time and from time to time any of the powers exercisable by it against the said Bidder and either to enforce or forbear from enforcing any of the terms and conditions contained in the said Bidding Documents or the securities available to the APGENCO, and the **Surety insurer** shall not be released from its liability under these presents by any exercise by the APGENCO of the liberty with reference to the matters aforesaid or by reason of time being given to the said Bidder or any other forbearance, act or omission on the part of the APGENCO or any Indulgence by the APGENCO to the said Bidder or by any change in the constitution of the APGENCO or its absorption, merger or amalgamation with any other person or any other matter or thing whatsoever which under the law relating to sureties would but for this provision have the effect of releasing the **Surety Insurer** from its such liability.

8. Any notice by way of request, demand or otherwise hereunder shall be sufficiently given in writing if addressed to the **Surety Insurer** and sent by courier or by registered post or by certified e-mail to the **Surety Insurer** at the address or e-mail set forth herein.
9. We undertake to make the payment immediately on receipt of your notice of claim on us addressed to name of **Surety Insurer** along with branch address and delivered at our above branch who shall be deemed to have been duly authorized to receive the said notice of claim.
10. It shall not be necessary for the APGENCO to proceed against the said Bidder before proceeding against the **Surety Insurer** and the **Surety Bond** herein contained shall be enforceable against the **Surety Insurer**, notwithstanding any other security which the APGENCO may have obtained from the said Bidder and which shall, at the time when proceedings are taken against the **Surety Insurer** hereunder, be outstanding or unrealized.
11. We, the Surety Insurer further undertake not to revoke this **Surety Bond** during its currency except with the previous express consent of the APGENCO in writing.

12. The **Surety Insurer** declares that it has power to issue this **Surety Bond** and discharge the obligations contemplated herein, the undersigned is duly authorized and has full power to execute this **Surety Bond** for and on behalf of the Surety Insurer.
13. The **Surety Insurer** declares that this Insurance Surety Bond is issued by the _____ (name of Insurance Company) as per the applicable rules and regulations of Insurance Regulatory Development Authority of India (IRDAI).
14. For the avoidance of doubt, the **Surety Insurer's** liability under this **Surety Bond** shall be restricted to Rs. _____ (Rupees _____ only). The **Surety Insurer** shall be liable to pay the said amount or any part thereof only if the APGENCO serves a written claim on the **Surety Insurer** in accordance with paragraph 9 hereof, on or before _____ [****** (indicate date falling 270 days after the Bid Due Date)].
15. This **Surety Bond** shall also be operatable at our _____, branch at _____, from whom, confirmation regarding the issue of this **Surety Bond** or extension/renewal thereof shall be made available on demand. In the contingency of this **Surety Bond** being invoked and payment hereunder claimed, the said branch shall accept such invocation letter immediately and make payment of amounts so demanded immediately under the said invocation.
16. The Insurance **Surety Bond** shall be verifiable from the specific portal created for this purpose.

In witness where of Signed and sealed this Surety Bond on this ____ Day ____ (month) of __ (Year) __ at _____.

SIGNED, SEALED AND DELIVERED

For and on behalf of the Insurance company by:

(Signature of the Authorised Official)

(Name) (Designation) (Code Number)